Saskatchewan
Finance

Annual Report 1999

Saskatchewan Liquor Board Superannuation Commission

100-04494/

Annual Report
1999

Fifty-fifth

Annual Report
of the
Saskatchewan
Liquor Board
Superannuation
Commission
for the year ended
December 31, 1999

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Saskatchewan
Liquor and Gaming
Authority

Her Honour, The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4P 3V7

Dear Madam:

Letter of Transmittal

I have the honour to submit herewith the fifty-fifth Annual Report of the Saskatchewan Liquor Board Superannuation Commission, together with the financial statements, for the fiscal year ending December 31, 1999, pursuant to the provisions of Section 54 of *The Liquor Board Superannuation Act*.

I have the honour to be, Madam,

Your obedient servant,

Doreen Hamilton
Minister in Charge
Liquor Board Superannuation Commission

Saskatchewan
Public Employees
Benefits Agency

The Honourable Doreen Hamilton
Minister in Charge
Liquor Board Superannuation Commission
Regina, Saskatchewan

Madam:

Letter of Transmittal

I have the honour to submit herewith the fifty-fifth Annual Report of the Saskatchewan Liquor Board Superannuation Commission, together with the financial statements, for the fiscal year ending December 31, 1999, pursuant to the provisions of Section 54 of *The Liquor Board Superannuation Act.*

Respectively submitted,

Brian Smith
Chairman

LIQUOR BOARD SUPERANNUATION COMMISSION

INTRODUCTION

The Commission, which consists of three members appointed by the Lieutenant Governor in Council, is responsible for the administration of *The Liquor Board Superannuation Act*.

The primary objective of the Commission is to provide superannuation allowances to employees who retire and to the dependents of deceased superannuates and employees, in accordance with the Act.

CONTRIBUTIONS AND PAYMENTS

During the calendar year ended December 31, 1999 employees' contributions to the Liquor Board Superannuation Fund amounted to $166,713. Employer contributions of $1,089,606 were made to the Fund.

Allowances paid during the year to superannuates, and to the spouses and children of deceased superannuates and employees, amounted to $2,923,281.

RETIREMENTS AND DEATHS

Two employees were granted a retirement benefit during the year (see Table 1).

During the year eight superannuates and eight spouses receiving an allowance died. There were six beneficiaries (see Table 2).

INVESTMENT PERFORMANCE

The Liquor Board Superannuation Commission is responsible for holding in trust and investing the monies in the Plan. The Commission has retained Greystone Capital Management Inc. to be the investment manager.

The investment manager makes the day-to-day decision of whether to buy or sell specific investments in order to achieve the long term investment performance objectives set by the Commission. It is these long term investment performance objectives that are used to assess the performance of the investment manager.

The primary long term investment performance objective for the entire portfolio is to out perform a benchmark portfolio constructed as follows:

Asset	Market Index	Weight
Canadian Equities	Toronto Stock Exchange 300 Index	35.0%
U.S. Equities	Standard & Poors 500	7.5%
Non-North Amer.	European, Australia & Far East	7.5%
Bonds	Scotia Capital Markets Universe Bond Index	45.0%
Short Term Inv.	91 Day Canadian Treasury Bills	15.0%
Total:		100.0%

The following is a summary of the Plan's investment performance:

	1999	Rolling Four Year Average Annual Return
Plan's actual rate of return (a)	10.3%	12.0%
Target rate of return (b)	12.7%	11.4%

(a) The annual returns are before deducting investment expenses.

(b) The Plan's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined, after the fact, using the actual returns of the market indexes such as the Toronto Stock Exchange 300 Index, Morgan & Stanley Canadian Index-World and the Scotia Capital Markets Universe Bond Index.

The Commission reviews the investment performance of the plan in terms of the performance of the benchmark portfolio over rolling four year periods. For the four years ending December 31, 1999, the plan had an annualized gross rate of return of 12.0%. The investment objective (the return of the benchmark portfolio) was 11.4%.

The Commission has retained Royal Trust as the custodian of the Plan. The custodian is responsible for custody of all financial assets of the Plan (in the name of the Liquor Board Superannuation Plan). The custodian also ensures that investment income (ie. dividends, interest) is collected and provides financial statements for all investment transactions.

The Commission engages the services of an asset consultant to provide advice on the overall management of the Plan's investments and on

the measurement of the Plan's performance. James P. Marshall, Inc. provides this service.

CASH FLOW FORECAST AFTER GENERAL SALARY INCREASE

The total cash inflow is the amount of contributions and investment income expected to be received by the pension plan. The total cash outflows is the amount required to pay all pension obligations. Forecast of cash inflows and outflows have been determined using the following long term assumptions:

Interest rate	6.25%
Inflation	3.25%
General salary increases	3.25%

The cash required is the amount by which the cash outflows exceed cash inflows and is forecast to the year 2027.

Year	Cash Inflows	Cash Outflows	Cash Required
2000	$ 2,948,230	$ 2,948,230	-
2001	2,962,122	2,962,122	-
2002	2,947,628	2,947,628	-
2003	2,937,828	2,937,828	-
2004	2,942,303	2,942,303	-
Total within 5 yrs	$14,738,110	$14,738,110	-
Total 5 - 10 yrs	$15,236,416	$15,236,416	-
Total 11 - 30 yrs	$67,280,047	$67,280,047	-

In addition, employer contributions are assumed, each year, to equal the amount necessary to ensure the asset balance of the plan at the end of each year will be $12.2 million. Included in the above cash inflows are employer contributions and investment income as follows:

Total within 5 years	$13,966,840
Total 5 - 10 years	$14,629,464
Total 11 - 30 years	$64,906,465

ADMINISTRATION

The Public Employees Benefits Agency in the Department of Finance is responsible for the operation, administration and management of the Liquor Board Superannuation Plan.

The Commission extends its appreciation to the diligent staff of the Public Employees Benefits Agency responsible for the day-to-day administration and accounting requirements of the Liquor Board Superannuation Plan and to employees of the Saskatchewan Liquor and Gaming Authority for their co-operation and assistance during the year.

LIQUOR BOARD SUPERANNUATION COMMISSION

Brian Smith	Chairman
Bill Marr	Member
Randy Werner	Member

Table 1 Allowances Granted to Employees

Employees Retired Having Attained Age 60 with 20 Years of Service

Name	Position	Final Monthly Salary	Age	Years of Service	Annual Allowance Payable	Effective Date
KATERYNIUK, Walter	Manager 1	3,051.00	60	24.115	20,637.36	March 21, 1999

Employees Retired Having Attained Age 50 with 30 Years of Service-Reduced

Name	Position	Final Monthly Salary	Age	Years of Service	Annual Allowance Payable	Effective Date
YANTZ, Harvey C.	Caretaker	2,304.55	56	30.12	13,613.40	February 1, 1999

Table 2 Allowances Granted to Spouses of Deceased Superannuates

Name	Date of Death	Age at Death	Annual Allowance At Death	Annual Allowance Payable to Spouse	Effective Date
ASHMORE, Cecil F. Spouse: Dorothy	April 3, 1999	85	10,315.56	6,189.34	May 1, 1999
BANMAN, Caroline (w)	Oct. 14, 1999	91	3,531.84	No Beneficiary	
BROWNING, Katherine (w)	April 3, 1999	86	5,892.96	No Beneficiary	
BRUNNER, Mabel K.	August 30, 1999	82	8,499.84	No Beneficiary	
GAUTHIER, Adrien Spouse: Donna	Feb. 21, 1999	79	14,200.56	8,520.34	March 1, 1999
GORDON, Mona E. (w)	April 17, 1999	87	3,525.48	No Beneficiary	
GRAY, William S. Spouse: Edna K.	Dec. 5, 1999	80	15,581.52	9,348.91	January 1, 2000
HILDEBRANDT, Helen (w)	Nov. 25, 1999	86	6,482.64	No Beneficiary	
HILL, Arthur J. Spouse: Elsie M.	Jan. 5, 1999	88	7,039.92	4,223.95	February 1, 1999
JELINSKI, Mary A. (w)	April 27, 1999	97	3,598.32	No Beneficiary	
KELLIE, Adam Spouse: Ida	Sept. 17, 1999	89	14,910.48	8,946.36	October 1, 1999
NEWMAN, Edith	June 21, 1999	90	6,712.92	No Beneficiary	
NIEBERGALL, Merle (w)	June 20, 1999	88	2,609.52	No Beneficiary	
REINOEHL, Ethel V. (w)	August 17, 1999	78	3,686.52	No Beneficiary	
SMITH, William J. Spouse: Isabella	Dec. 18, 1999	86	10,861.68	6,517.01	January 1, 2000
WILKIE, Daphne (w)	June 3, 1999	72	21,310.08	No Beneficiary	

MANAGEMENT'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

Administration of the Plan is presently assigned to the Public Employees Benefits Agency of the Department of Finance. Management is responsible for financial administration, administration of the funds and managing of assets.

The financial statements which follow have been prepared by management in conformity with accounting principles generally accepted in Canada. Management uses internal controls and exercises its best judgement in order that the financial statements reflect fairly the financial position of the Plan.

The present value of the pension liabilities is determined by an actuarial valuation. Actuarial valuation reports require best estimate assumptions about future events which require approval by management.

The financial statements have been examined by the Provincial Auditor whose report follows.

Brian Smith
Executive Director
Public Employees Benefits Agency

A. Mackrill

Ann Mackrill
Director of Pensions
Public Employees Benefits Agency

Regina, Saskatchewan
February 8, 2000

LIQUOR BOARD SUPERANNUATION COMMISSION

LIQUOR BOARD SUPERANNUATION PLAN

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1999

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits of the Liquor Board Superannuation Plan as at December 31, 1999 and the statement of changes in net assets available for benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at December 31, 1999 and the changes in net assets for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
February 8, 2000

Wayne Strelioff, C.A.
Provincial Auditor

LIQUOR BOARD SUPERANNUATION COMMISSION **STATEMENT 1**

LIQUOR BOARD SUPERANNUATION PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT DECEMBER 31

	1999	1998
ASSETS		
Investments		
Due from General Revenue Fund (Note 5)	$ 31,067	$ 17,128
Cash and short term investments	949,675	925,545
Bonds and debentures	6,271,011	6,917,548
Equities	4,234,057	4,340,598
Pooled Funds	2,438,449	2,282,817
	13,924,259	14,483,636
Receivables		
Employees' contributions	7,190	14,336
Employer's contributions	38,893	65,843
Accrued investment income	68,306	92,631
Other	151,729	866
Total assets	14,190,377	14,657,312
LIABILITIES		
Administration expenses payable	14,759	17,824
Other payables	-	33,584
Total liabilities	14,759	51,408
NET ASSETS AVAILABLE FOR BENEFITS (Statement 2)	$14,175,618	$14,605,904

(See accompanying notes to the financial statements)

LIQUOR BOARD SUPERANNUATION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31

	1999	1998
INCREASE IN ASSETS		
Investment income		
Interest	$ 418,131	$ 490,191
Dividends	57,751	70,234
Pooled funds-dividends	377,932	334,817
Other	4,497	6,503
	858,311	901,745
Market value adjustment	476,487	480,252
Contributions		
Employees'	166,713	174,266
Employer's	1,089,606	1,215,935
Total increase in assets	2,591,117	2,772,198
DECREASE IN ASSETS		
Superannuation allowances	2,923,281	2,946,668
Administration expenses (Note 8)	98,122	103,200
Refunds and transfers	-	4,776
Total decrease in assets	3,021,403	3,054,644
(Decrease) increase in net assets	(430,286)	(282,446)
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	14,605,904	14,888,350
NET ASSETS AVAILABLE FOR BENEFITS, end of year - to Statement 1	$14,175,618	$14,605,904

(See accompanying notes to the financial statements)

LIQUOR BOARD SUPERANNUATION COMMISSION

LIQUOR BOARD SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1999

1. Description of the Plan

a) **General**

The Liquor Board Superannuation Plan is a defined benefit final average pension plan established under *The Liquor Board Superannuation Act*. Membership is comprised of employees and Board members who were enrolled on October 1, 1977 and who did not elect to transfer to the Public Employees Pension Plan prior to October 1, 1978. Complete Plan details are contained in *The Liquor Board Superannuation Act*.

b) **Administration**

The Liquor Board Superannuation Commission administers the Plan. Day-to-day administration is provided by the Public Employees Benefits Agency.

c) **Superannuation Fund**

The Act also established the Liquor Board Superannuation Fund to account for all transactions of the Plan.

d) **Funding Policy**

Members contribute at the rate of 7%, 8% or 9% of salary depending on their age at the date of commencement of employment. Contributions are reduced by an amount equal to deemed Canada Pension Plan contributions. The employer contributes a fixed percentage of the members' contributions as necessary to fund the benefits provided by the Plan. This rate is set periodically by the Commission on the advice of the Actuary.

e) **Retirement**

Normal retirement is at age 65. Employees may retire earlier under certain conditions.

f) **Pensions**

Annual pensions are calculated as 2% of a member's average salary during the five years of highest salary, multiplied by the total number of years of service to a maximum of 35. At age 65, members' pensions are reduced due to integration with the Canada Pension Plan.

2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant.

a) **Basis of Accounting**

These financial statements are prepared using the accrual basis of accounting.

b) **Investments**

Investments in bonds, debentures and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers. In the absence of recorded sales, reference is made to closing year end bid and ask prices. Transactions in bonds and equities are recorded as of the trade date.

Pooled funds are valued based on the net asset value per unit of the underlying assets on the last valuation date.

Short term investments are valued at cost which approximates market value.

The change in the market value of investments during the year is reflected on the financial statements as a market value adjustment.

Fair value approximates the market value of investments.

3. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Plan's liabilities, the Plan takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from contributions, maturing debentures, and investment returns into assets such as Canadian equities, pooled funds, money market securities, and bonds.

a) **Interest Rate Risk**

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

b) **Credit Risk**

Credit risk arises from the potential for an investee to fail or for an issuer to default on its contractual obligations to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or the Canadian Bond Rating Service.

Short Term Investments

These investments are comprised of T-Bills, notes and commercial paper with effective interest rates of 4.8% to 5.5% (1998 - 4.6% to 5.1%) and an average term to maturity of 111 (1998 - 124) days. The Plan's investment policy states that investments must meet a minimum investment standard of "R-1" rating and Canadian grain companies with an "R-2 high", as rated by a recognized credit rating service. Other than Government of Canada no single issuer represents more than 19.0% of the market value (1998 - 20.6%) of the short term investment portfolio.

Bonds and Debentures

The Plan's investment policy states that bonds must meet a minimum quality standard of BBB as rated by a recognized credit rating service. No more than 12% of the bond portfolio may be invested

in BBB rated bonds. As at December 31, 1999, the Plan held 0.3% (1998 - 1.6%) of its portfolio in BBB bonds.

Years to Maturity	1999 Federal	Provincial	Corporate	Total Market Value	Yield to Maturity at Market	Coupon Rate	1998 Total Market Value	Yield to Maturity at Market	Coupon Rate
Under 5	$ 852,536	$ 444,304	$469,491	$1,766,331	5.0-7.6%	4.9-8.0%	$3,352,765	4.9-7.7%	4.9-8.5%
5 - 10	1,090,854	543,377	274,770	1,909,001	5.8-8.0%	5.5-8.8%	2,195,180	5.4-7.3%	5.5-8.8%
Over 10	1,987,189	440,789	167,701	2,595,679	3.7-7.4%	4.3-8.5%	1,369,603	5.3-6.6%	5.5-8.5%
Market Value	$3,930,579	$1,428,470	$911,962	$6,271,011			$6,917,548		

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

Equities

	Market Value 1999	1998
Common shares - Canadian	$4,196,857	$4,228,177
Private equity	37,200	112,421
	$4,234,057	$4,340,598

The Plan's investment policy allows no one holding to represent more than 10% of the market value of the portfolio and no one holding to represent more than 10% of the common stock in any corporation. The Plan's equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risk. Dividends are generally declared on a quarterly basis. The average effective dividend rate is 1.35%.

Pooled Funds

The Plan limits its investments in pooled equity funds to 10% of the market value of each fund. Foreign equities including foreign pooled funds are limited to 20% of the cost of the investment portfolio and are denominated in Canadian dollars. The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager. The Plan's pooled funds are comprised of the Greystone U.S. Equity Fund and Greystone Non-North American Fund.

4. Unfunded Liability

An actuarial valuation of the Liquor Board Superannuation Plan was performed as at June 30, 1999 and extrapolated to December 31, 1999 by Aon Consulting. Previous to this, an actuarial valuation of the Plan was performed as at December 31, 1996 and extrapolated to December 31, 1998 by William M. Mercer Limited. The actuary used the projected benefit method prorated on services to determine actuarial present value of accrued pension benefits.

The principal components of change in the actuarial present values as at December 31 are as follows:

	1999 ($ thousand)	1998 ($ thousand)
Actuarial present value of accrued pension benefits, beginning of year	$38,886	$38,842
Experience (gain)	(1,113)	(81)
Effect of change in assumptions	4,250	-
Interest accrued on benefits	2,652	2,647
Benefits accrued and members transferred in	459	429
Benefits paid	(2,923)	(2,951)
Actuarial present value of accrued pension benefits, at end of the year	42,211	38,886
Net assets available for benefits (Statement 1)	14,176	14,606
Unfunded liability	$28,035	$24,280

The pension liability is based on a number of assumptions about future events including: interest rate, rate of salary increase, mortality, retirement rates and inflation. The actual rates may vary significantly from the long term assumptions used.

Significant long term actuarial assumptions used in the valuation were:

- general salary increases are expected to be 2.0% in 2000 to 2002 increasing to 3.25% in 2003 and thereafter
- the inflation rate for 2000 to 2002 is expected to be 2.0% increasing to 3.25% in 2003 and thereafter
- interest rate is 6.25% for 1999 and thereafter.

The changes in the long term assumptions from the previous valuation are as follows:

- inflation rate which was estimated to be 3.0% increasing to 4.0% is now 2.0% increasing to 3.25%
- salary increases which were projected to be 1.0% greater than inflation are now projected to be equal to inflation, and
- the interest rate which was estimated to be 7.0% has now been estimated at 6.25%

The following illustrates the effect of changing certain assumptions from assumed rates of: inflation 3.25%, salary 3.25%, interest rate 6.25% and post retirement indexing 1.625%.

	Long Term Assumptions							
	Inflation*		Salary		Interest		Post Retirement Indexing	
	4.25%	2.25%	4.25%	2.25%	7.25%	5.25%	2.125%	1.125%
(Decrease) increase in liability	(4.8%)	5.3%	1.6%	(1.5%)	(10.0%)	12.1%	4.5%	(4.2%)

* A change in the inflation rate of 1% has a corresponding change in the interest rate of 1%, in the salary scale of 1% and in the post retirement indexing of 0.5%.

The actuarial present value of accrued pension benefits contains a provision for ad hoc increases as they are subject to Lieutenant Governor in Council approval. The ad hoc assumption is 50% of CPI based on previous year's experience. The Lieutenant Governor in Council may provide for supplementary allowances to be paid to superannuates in any year, in any amount and subject to any terms and conditions he considers advisable. An increase of 1.61% granted effective April 1, 1999 has been reflected in the valuation.

The unfunded liability is not payable immediately. The cash inflows from contributions and investment income and the cash outflow to pay the required pension obligation are calculated using the above assumptions. The net cash outflows in the next 5 years would be $14.0 million, in the next 10 years $28.6 million and in the next 30 years $93.5 million. If there are insufficient monies in the Fund to pay allowances or other payments, the Liquor and Gaming Authority is obligated to pay any such deficiency to the Fund. The Liquor and Gaming Authority plans to provide an amount of employer contributions such that cash inflows will equal cash outflows.

The unfunded liability could be funded if payments of approximately $2,934,000 were made each year for 15 years assuming an interest rate of 6.25%.

5. Due From General Revenue Fund

The Liquor Board Superannuation Plan bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty day borrowing rate, and the Plan's average daily bank account balance. The Government's average thirty day borrowing rate in 1999 was 4.78%.

6. Related Party Transactions

a) Administration

The operating expenses associated with administering the Plan are paid out of the Fund to the Public Employees Benefits Agency Revolving Fund except for custodial and investment management fees which are paid directly. In 1999, expenses for administration made to the Public Employees Benefits Agency Revolving Fund totalled $95,465 (1998 - $71,065).

b) Provincial Bonds and Debentures

The Plan holds investments in bonds and debentures of the Province of Saskatchewan at December 31, 1999 of $123,514 (1998 - $135,942).

Account balances resulting from the above transactions are included in the statement of net assets available for benefits and are settled on normal trade terms.

c) Greystone Capital Management Inc.

During 1999 the Plan sold all shares of GCMI. As at December 31, 1998, the Plan held 2,007 common shares, 0.21% of the total outstanding.

7. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long term performance objectives set by the Commission. The Commission reviews the investment performance of the plan in terms of the performance of the benchmark portfolio over 4 year rolling periods. The primary long term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance:

	1999	Rolling Four Year Average Annual Return
Plan's actual rate of return (a)	10.3%	12.0%
Target rate of return (b)	12.7%	11.4%

(a) The annual returns are before deducting investment expenses.

(b) The Plan's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange 300 Index, Morgan & Stanley Canadian Index-World and the Scotia Capital Markets Universe Bond Index.

8. Administration Expenses

	1999		1998
	Budget	Actual	Actual
Administration - PEBA Revolving Fund	$97,775	$ 95,465	$ 71,065
Custodian fees - Royal Trust	-	16,440	14,916
Investment management fees - Greystone	-	(13,783)	17,219
	$97,775	$ 98,122	$103,200

Custodian and investment management fees are based on the market value of the portfolio.

9. Fair Value of Financial Assets and Financial Liabilities

The pension liability is long term in nature. The Plan has no intention of settling its pension obligation in the near term and there is no market for settling its pension obligation. Therefore, determination of the fair value of the pension liability is not practical.

The following method and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities.

For the following financial instruments the carrying amounts approximate fair value due to the immediate or short-term nature of these financial assets and financial liabilities.

a) employees' and employers' contributions receivable
b) accrued investment income
c) other receivables
d) due from General Revenue Fund
e) cash
f) administration expenses payable
g) other payables

For all other investments, fair values are considered to be market value, the calculation of which is described in note 2.

10. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the year 2000 dates is processed. In addition, similar

oblems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

LIQUOR BOARD SUPERANNUATION COMMISSION **EXHIBIT 1**

LIQUOR BOARD SUPERANNUATION PLAN
SCHEDULE OF INVESTMENTS (Unaudited)

DECEMBER 31, 1999

Security	Par Value	Market Value
Government of Canada	$3,955,000	$ 3,790,309
Government of Canada-Guarantees	144,191	140,270
Hydro Quebec	224,000	217,897
Province of British Columbia	76,000	70,117
Province of Manitoba	390,000	412,421
Province of New Brunswick	285,000	301,190
Province of Ontario	194,000	199,896
Province of Quebec	109,000	103,435
Province of Saskatchewan	133,000	123,514
Associates Capital Corp of Canada	51,000	49,310
Bank of Nova Scotia	31,000	28,568
BC Gas Utility Ltd	8,000	7,666
Bell Canada Enterprises	62,000	60,870
Bombardier Inc	19,000	18,557
Canadian Pacific Ltd	20,000	19,848
Canadian Tire Corp	17,000	15,754
Cards Trust	67,000	64,727
Chrysler Credit Canada Corp	50,000	48,508
Citibank Canada	19,000	18,320
Ford Credit Canada Ltd.	67,000	65,137
General Motors Acceptance Corp	90,000	88,913
Greater Toronto Airports Authority	99,000	92,926
Hollis Receivables Term Trust	14,000	13,735
Merrill Lynch Canada Inc	21,000	20,998
Nav Canada	43,000	42,934
Nova Gas Transmission Ltd	60,000	55,899
Royal Bank of Canada	61,000	60,798
TransCanada Pipelines Ltd	30,000	25,486
Trizec Hahn Corp	39,000	38,973
Westcoast Energy Inc	22,000	20,395
407 ETR International	58,000	53,640
	6,458,191	6,271,011
A T I Technologies Inc		9,550
Bank of Montreal		103,530
Bank of Nova Scotia		214,245
Barrick Gold Corp		75,705
BCE Inc		428,861
Biomira Inc		16,701
Bombardier Inc		200,137
Cameco Corp		88,898
Canadian National Railway		104,286
Canadian Natural Resources Ltd		109,980
Canwest Global Communications Corp		43,211

LIQUOR BOARD SUPERANNUATION PLAN
SCHEDULE OF INVESTMENTS (Unaudited)

DECEMBER 31, 1999

Security	Par Value	Market Value
Celestica Inc	$	$ 260,176
Cinram International Inc		26,790
C-Mac Industries Inc		173,250
Dofasco Inc		65,550
Donohue Inc		74,670
Enerflex Systems Limited		58,125
Firstwest Equities Inc		37,200
Imasco Ltd		177,778
Intertape Polymer Group		50,184
IPSCO Inc		101,745
Loblaw Companies Ltd		68,737
Magellan Aerospace Corp		35,167
Magna International Inc		90,405
Micrologix Biotech Inc		15,749
Nortel Networks Corporation		431,716
North Rock Resource Ltd		23,904
North West Company Fund		26,520
Penn West Petroleums Ltd		57,065
Petro-Canada		81,391
Power Corp of Canada		80,190
Power Financial Corp		103,440
Quebecor Inc		78,540
Quebecor Printing Inc		76,110
Royal Bank Of Canada		170,815
Royal Group Technologies Limited		80,565
Sears Canada Inc		144,400
Shaw Industries Ltd		46,636
St. Laurent Paperboard Inc		81,235
Toronto Dominion Bank		120,900
		4,234,057
Greystone Managed Investments US Equity Fund		1,049,517
Greystone Managed Investments Non-North American Fund		1,388,932
		2,438,449
	$6,458,191	$12,943,517

LIQUOR BOARD SUPERANNUATION PLAN
SCHEDULE OF INVESTMENTS (Unaudited)

DECEMER 31, 1999

Summary	Par Value	Market Value
Government of Canada	$4,099,191	$ 3,930,579
Provincials and Guarantees	1,411,000	1,428,470
Corporate Securities	948,000	911,962
	$6,458,191	$ 6,271,011
Canadian Equities		4,234,057
Pooled Funds		2,438,449
Total Long Term Investments	$6,458,191	$12,943,517
Short Term Investments	968,000	945,196
	$7,426,191	$13,888,713

LIQUOR BOARD SUPERANNUATION COMMISSION **EXHIBIT 2**

LIQUOR BOARD SUPERANNUATION PLAN
SCHEDULE OF INVESTMENT TRANSACTIONS (Unaudited)

YEAR ENDED DECEMBER 31, 1999

Bonds and Debentures

	Maturity Date	Interest Rate	Cost
Purchased			
Government of Canada	Residuals	--	$ 406,224
Government of Canada	March 15, 2000	5.00%	700,630
Government of Canada	December 1, 2000	5.00%	52,270
Government of Canada	June 1, 2001	4.50%	2,240,685
Government of Canada	December 1, 2001	5.25%	1,407,574
Government of Canada	September 1, 2002	5.50%	608,310
Government of Canada	September 1, 2003	5.25%	2,892,407
Government of Canada	September 1, 2005	6.00%	355,193
Government of Canada	December 1, 2006	7.00%	232,750
Government of Canada	June 1, 2007	7.25%	560,600
Government of Canada	June 1, 2009	5.50%	2,610,390
Government of Canada	June 1, 2010	8.00%	1,093,911
Government of Canada	December 1, 2021	4.25%	65,969
Government of Canada	June 1, 2029	5.75%	6,712,702
Government of Canada	December 1, 1931	4.00%	48,593
Hydro Quebec	May 15, 2003	5.50%	159,091
Province of British Columbia	June 9, 2008	6.00%	31,456
Province of British Columbia	December 1, 2009	6.25%	14,883
Province of British Columbia	June 18, 2029	5.70%	26,052
Province of Ontario	March 8, 2029	6.50%	54,417
BC Gas Utility Inc	June 2, 2008	6.20%	7,813
Canadian Pacific Ltd	June 1, 2005	6.65%	19,960
Citibank Canada	July 23, 2004	5.80%	18,978
General Motors Acceptance Corp	April 1, 2002	5.50%	25,934
Greater Toronto Airports Authority	July 30, 2029	6.45%	28,933
Hollis Receivables Term Trust	September 21, 2004	6.205%	39,000
Merrill Lynch Canada Inc	November 18, 2002	6.50%	20,988
407 ETR International	July 27, 2009	6.05%	28,953
407 ETR International	July 27, 2029	6.47%	28,882
			$20,493,548

			Proceeds
Sold or Matured			
Government of Canada	Residuals	--	$ 453,032
Government of Canada	March 15, 2000	5.00%	700,607
Government of Canada	December 1, 2000	5.00%	233,860
Government of Canada	June 1, 2001	4.50%	2,242,219
Government of Canada	December 1, 2001	5.25%	854,817
Government of Canada	April 1, 2002	8.50%	218,714

LIQUOR BOARD SUPERANNUATION PLAN
SCHEDULE OF INVESTMENT TRANSACTIONS (Unaudited)

YEAR ENDED DECEMBER 31, 1999

	Maturity Date	Interest Rate	Proceeds
Sold or Matured			
Government of Canada	September 1, 2002	5.50%	$ 1,853,126
Government of Canada	September 1, 2003	5.25%	3,118,612
Government of Canada	June 1, 2004	6.50%	1,215,250
Government of Canada	December 1, 2006	7.00%	226,762
Government of Canada	June 1, 2007	7.25%	568,282
Government of Canada	June 1, 2009	5.50%	1,881,946
Government of Canada	June 1, 2010	5.50%	227,134
Government of Canada	June 1, 2029	5.75%	6,152,446
Government of Canada	December 1, 2031	4.00%	48,693
NHA MBS Canada Trustco Mtge Corp	February 1, 2002	4.875%	2,816
NHA MBS Canada Trustco Mtge Corp	April 1, 2002	5.375%	6,632
NHA MBS Canada Trustco Mtge Corp	November 1, 2002	5.125%	4,126
NHA MBS Royal Bank Mtge Corp	January 1, 2003	5.125%	5,735
Province of Manitoba	September 14, 2000	7.750%	156,479
Province of Ontario	March 8, 2029	6.50%	26,555
BCE Inc	September 4, 2001	5.55%	30,064
Bombardier Capital Inc	February 20, 2003	6.00%	25,241
General Motors Acceptance Corp	July 7, 2000	5.55%	46,075
General Motors Acceptance Corp	July 24, 2001	5.65%	70,333
Hollis Receivables Term Trust	September 21, 2004	6.205%	24,770
Mutual Life Assurance Co Cda	May 15, 2013	5.80%	26,781
Poco Petroleums Ltd	September 11, 2007	6.60%	83,198
Precision Drilling Corp	June 26, 2007	6.85%	47,397
Sears Canada Inc	November 5, 2007	6.55%	19,481
TransCanada Pipelines Ltd	April 15, 2027	7.90%	29,346
Trizec Hahn Corp	June 1, 2004	7.45%	26,246
			20,626,775
Net Change			$ (133,227)

Corporate Shares
Transactions during the year 1999

	Shares	Purchases	Disposals	Net
Canadian Equities				
A T I Technologies Inc	11,740	$	$ 236,841	$ (236,841)
Bank of Montreal	970	7,247	60,729	(53,482)
Bank of Nova Scotia	810	12,462	38,998	(26,536)
Barrick Gold Corp	2,940	85,042	6,506	78,536
BCE Inc	2,480	13,422	221,586	(208,164)
Biomira Inc	2,390		11,386	(11,386)
Bombardier Inc	1,880	6,524	48,411	(41,887)

LIQUOR BOARD SUPERANNUATION PLAN
SCHEDULE OF INVESTMENT TRANSACTIONS (Unaudited)

YEAR ENDED DECEMBER 31, 1999

	Shares	Purchases	Disposals	Net
Cameco Corp	400	$ 3,419	$ 15,288	$ (11,869)
Canadian National Railway	1,400	21,985	19,481	2,504
Canadian Natural Resources Ltd	310	4,662	14,122	(9,460)
Canwest Global Communications Corp	5,105		98,958	(98,958)
Celestica Inc	3,220	104,471	45,192	59,279
Cinram International Inc	380		4,734	(4,734)
C-Mac Industries Inc	280	6,322	22,596	(16,274)
Dofasco Inc	2,300	60,205		60,205
Donohue Inc	1,300	2,442	78,094	(75,652)
Edperbrascan Corp	2,240		47,812	(47,812)
Enerflex Systems Limited	210	1,963	9,690	(7,727)
Firstwest Equities Inc	-		50,045	(50,045)
Geac Computer Limited	860		18,310	(18,310)
Greystone Capital Mgmt Inc	2,007		6,302	(6,302)
Imasco Ltd	910		32,697	(32,697)
Intertape Polymer Group	1,230	54,369	6,506	47,863
Ipsco Inc	2,060	2,891	67,899	(65,008)
Loblaw Companies Ltd	250	2,875	12,184	(9,309)
Magellan Aerospace Corp	730	1,582	8,452	(6,870)
Magna International Inc	160	3,238	15,587	(12,349)
Micrologix Biotech Inc	1,290	2,516		2,516
Nortel Networks Corporation	40	10,113	251,615	(241,502)
North Rock Resources Ltd	2,490	39,493	1,536	37,957
North West Company Fund	240		3,143	(3,143)
Penn West Petroleums Ltd	2,020	46,553	7,318	39,235
Petro-Canada	1,890	3,377	39,103	(35,726)
Placer Dome Inc	7,640		129,090	(129,090)
Poco Petroleums Limited	6,120		78,761	(78,761)
Power Corp of Canada	660	34,702	17,890	16,812
Power Financial Corp	1,710	10,576	57,139	(46,563)
Quebecor Inc	230	3,505	11,489	(7,984)
Quebecor Printing Inc	2,360	79,669		79,669
Royal Bank of Canada	950	15,315	76,865	(61,550)
Royal Group Technologies Limited	510	18,069	40,297	(22,228)
Saskatchewan Wheat Pool	1,100		11,272	(11,272)
Sears Canada Inc	370	6,129	16,425	(10,296)
Shaw Industries Ltd	410	1,672	7,996	(6,324)
St. Laurent Paperboard Inc	460	3,130	11,656	(8,526)
Suncor Energy Inc	1,480		61,596	(61,596)
Toronto Dominion Bank	3,120	126,610	6,030	120,580
		$796,550	$2,027,627	$(1,231,077)

LIQUOR BOARD SUPERANNUATION PLAN
SCHEDULE OF INVESTMENT TRANSACTIONS (Unaudited)

YEAR ENDED DECEMBER 31, 1999

	Shares	Purchases	Disposals	Net
Pooled Funds				
Greystone United States Equity Fund	72,873	$ 989,691	$	$ 989,691
Greystone Non-North American Fund	77,720	1,305,288	148,973	1,156,315
Greystone Global Fund	155,077	445,740	2,301,375	(1,855,635)
		2,740,719	2,450,348	290,371
Total Equities		$3,537,269	$4,477,975	$ (940,706)

Short Term Investments	Purchases	Disposals	Net
Transactions during the year	$8,556,751	$8,526,418	$30,333

Summary of Investment Transactions	
Decrease in Bonds and Debentures	$ (133,227)
Decrease in Corporate Equities	(1,231,077)
Increase in Pooled Funds	290,371
Increase in Short Term Investments	30,333
Total Investment Transactions	(1,043,600)
Investments, Beginning of Year	14,455,827
Market Value Adjustment	476,487
Investments, End of Year (market value)	$13,888,714